

18942

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW

930 RICHLAND STREET

P.O. BOX 8416

COLUMBIA, SOUTH CAROLINA 29202-8416

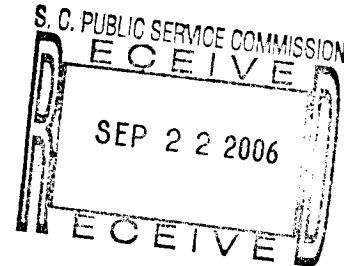
MITCHELL M. WILLOUGHBY
JOHN M.S. HOEFER
ELIZABETH ZECK*
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II**
M. McMULLEN TAYLOR
BENJAMIN P. MUSTIAN

AREA CODE 803
TELEPHONE 252-3300
TELECOPIER 256-8062

September 21, 2006

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211



RE: Application of Carolina Water Service, Inc. for approval of a
contract with Livonti Investments, LLC

Dear Mr. Terreni:

Enclosed for filing are the original and ten (10) copies of the Application of Carolina Water Service, Inc., in the above-referenced matter. I would appreciate your acknowledging receipt of this document by date-stamping the extra copy of this letter that is enclosed and returning it to me in the enclosed self addressed stamped envelope.

By copy of this letter, I am serving the Office of Regulatory Staff and enclose a certificate to that effect. If you have any questions or need additional information, please do not hesitate to contact me. With best regards, I am,

Sincerely,

WILLOUGHBY & HOEFER, P.A.

A handwritten signature in black ink, appearing to read "Benjamin P. Mustian".

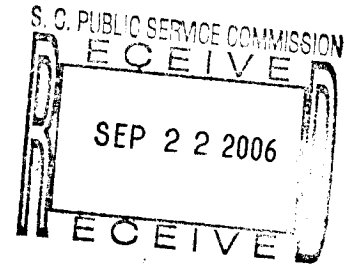
Benjamin P. Mustian

BPM/amw
Enclosure

cc: Florence P. Belser, Esquire
Nanette S. Edwards, Esquire

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2006-295 -W/S



IN RE:)
)
Application of Carolina Water Service,)
Inc. for approval of a contract with)
Livonti Investments, LLC)
_____)

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day one (1) copy of the Application by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

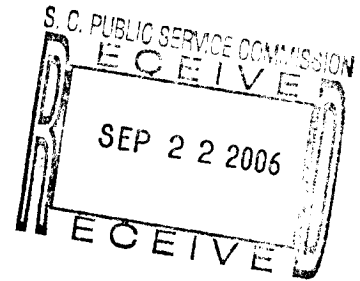
Florence P. Belser, Esquire
Nanette S. Edwards, Esquire
Office of Regulatory Staff
Post Office Box 11263
Columbia, South Carolina 29211

Andrea M Wright
Andrea M. Wright

Columbia, South Carolina
This 21st day of September, 2006.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2006-_____ -W/S



IN RE:)
)
Application of Carolina Water Service,)
Inc. for approval of a contract with)
Livonti Investments, LLC)
_____)

APPLICATION

Carolina Water Service, Inc. ("Applicant" or "Utility") hereby submits a contract between it and Livonti Investments, LLC ("Developer") for consideration by this Honorable Commission under Vol. 26 S.C. Code Ann. Regs. R.R. 103-541 and 103-743 (Supp.2005). In support of this Application, Applicant would respectfully show as follows:

1. Applicant is a public utility currently authorized to operate water and wastewater systems under the jurisdiction of the Commission in Lexington County, as well as certain other counties in this state. Its corporate charter is presently on file with the Commission and an appropriate bond has been posted with same. A schedule of the current rates and charges for Applicant's water and wastewater service has previously been approved by the Commission in Docket No. 2004-357-W/S.¹ Also, the Commission currently has pending before it in Docket No. 2006-92-W/S the Applicant's request for adjustment of rates pursuant to S.C. Code Ann. § 58-5-240 (Supp. 2004).²

¹ By way of its Order No. 2005-465 dated October 17, 2005, in Docket No. 2004-357-W/S, the Commission has authorized Applicant to place the current rates and charges into effect under bond pursuant to S.C. Code Ann. Section 58-5-240(D) (Supp. 2004) pending the outcome of its appeal in that matter.

² As the Commission is aware, the Commission voted on September 20, 2006, to deny Applicant's request in Docket No. 2006-92-W/S, but no order by the Commission to that effect has yet been issued.

2. The Applicant and Developer have entered into an agreement for water and sewer service ("Agreement") dated September 14, 2006, a copy of which is attached hereto and incorporated herein by reference as Exhibit "A."

3. The Utility's Smallwood Estates System will serve the proposed development, "Smallwood Court" which will be included into an existing residential development, "Smallwood Estates", currently being served by Applicant. The new development will consist of approximately seventeen (17) residential units. The Agreement provides, *inter alia*, that Developer will construct all of the necessary water and sewer facilities ("Facilities") required to connect the proposed development to Utility's Smallwood Estate System, acquire all necessary easements and rights-of-way ("Easements") and convey such Facilities and Easements to Applicant. Performance of the Agreement is conditioned upon its approval by this Commission.

4. The proposed development is within Applicant's Commission authorized Service Area in Lexington County. No other public or governmental utility is currently authorized to serve or serving the proposed development.


5. Under Article IV, §1 of the Agreement, upon completion of Developer's obligations, Applicant will provide service to the proposed development pursuant to all of the terms, conditions, rates and charges set forth in its Commission approved rate schedule as may be in effect and on file from time to time, except with respect to its authorized tap fees for the provision of water service. Pursuant to Article IV, §3 of the agreement, Applicant has agreed to waive the water connection and tap fees for new customers in this subdivision in exchange for the construction, acquisition and conveyance of the Facilities and Easements by Developer. Applicant submits that this waiver is warranted and in the public interest given that (a) the Facilities to be constructed and conveyed by Developer are substantial, (b) Developer has agreed

to reserve a well site for the Applicant, (c) that the Facilities will permit Applicant to spread the overall costs of water service among a greater number of customers which is a benefit to Applicant's entire customer base, and (d) that the Easements granted by Developer allow for future interconnections with affiliated systems which, if authorized, will help ensure adequate and proper service for water customers in this area.

6. Applicant submits that the public convenience and necessity will be served by the approval of this Agreement. Applicant further submits that no hearing in this matter is required. See S.C. Code Ann. § 58-5-240(G) (Supp.2005).

7. All correspondence and communications regarding this matter should be sent to the undersigned.

WHEREFORE, having fully set forth its Application, Applicant prays that the Agreement, be approved; that a hearing on the within matter be waived or review of the within application be expedited, and that Applicant be granted such other and further relief as the Commission may deem just and proper.



John M.S. Hoefer
Benjamin P. Mustian
Willoughby & Hoefer, PA
Post Office Box 8416
Columbia, South Carolina 29202-8416
803-252-3300

Attorneys for Applicant

Columbia, South Carolina
This 21st day of September, 2006

AGREEMENT FOR WATER AND WASTEWATER SERVICESMALLWOOD ESTATES SUBDIVISIONLEXINGTON COUNTY, SC

This Agreement is entered into this 14th day of Sept, 2006 by and between Livonti Investments, LLC, (hereinafter referred to as "Developer"), and Carolina Water Service, Inc., a South Carolina corporation (hereinafter referred to as "Utility").

WITNESSETH

WHEREAS, Developer is the owner of certain real estate parcels containing approximately 16.73 acres (TMS 000921-03-007) at the intersection of Smallwood Drive and proposed Smallwood Court, in Chapin, Lexington County, South Carolina, hereinafter referred to as the "Property" (see "Exhibit 1"); and,

WHEREAS, Developer desires to develop the Property to be included into the existing residential development called "Smallwood Estates" and shall be identified as "Block H" which will contain approximately (17) single-family homes when completed; and,

WHEREAS, Utility is a public utility engaged in the business of furnishing water and wastewater service to the public in its designated Smallwood Estates Service Area in Lexington County and Property is located within the service area. The Utility desires to have constructed and installed, and the Developer desires to construct and install, the water distribution and wastewater collection facilities to serve the Property subject to the terms and conditions of this Agreement;

WHEREAS, Developer desires Utility to provide water and wastewater utility service within the Property and Utility desires to provide water and wastewater utility service subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants as hereinafter set forth, the parties hereto agree as follows:

ARTICLE IRepresentations and Warranties of Developer

Developer represents and warrants that:

1. Developer is the owner of or is duly authorized to act on behalf of the owners of the Property; and,

2. Developer will cooperate fully with the Utility in any and all applications or petitions to public authorities deemed necessary or desirable by Utility in connection with the construction and installation of the Facilities contemplated by this Agreement; and,
3. Developer will convey to the Utility or otherwise vest in the Utility such right, title and interest in and to such real estate as may be reasonably necessary to permit the Utility to carry out the terms and conditions of this Agreement; and,
4. Developer will convey to Utility or provide by recorded subdivision plats such easements or rights of way as the Utility may reasonably require for the Utility's performance of its obligations under this Agreement. Any such plats, conveyances or licenses will be in form reasonably satisfactory to Utility's legal counsel.

ARTICLE II

Obligations and Construction of Facilities by Developer

1. Facilities
Developer shall reserve one (1) well site for Utility. The well site will be selected by the Utility with approval by Developer and shown on Exhibit 2. Developer shall provide an one hundred feet pollution free radius within the well site and, if necessary, a fifteen (15) feet easement and access road, suitable for traffic, to the well site property. The well site will be recorded and deeded by the Developer. Utility will not hold Developer responsible for any costs incurred in the drilling and development of a well for the Property described herein.
2. Developer shall construct and install all necessary water distribution and wastewater collection facilities to serve the Property, including but not limited to water mains, service connections, meter boxes, valve, valve boxes, blowoffs, forcemains, service laterals, air release valves, individual residential wastewater low energy treatment and transportation systems (LETTS), high-pressure cleanouts, and other facilities as are reasonably required to provide adequate water and wastewater service (herein referred to as the "Facilities"). Water mains will have a minimum diameter of three (3) inches and wastewater forcemains will have a minimum diameter of three (3) inches, except where otherwise approved by Utility. Developer shall interconnect the wastewater facilities to Utility's water and wastewater systems, as determined by Utility.
3. All materials used by the Developer for said Facilities shall be new, first-class, and suitable for the uses made thereof. Developer guarantees all construction, materials, workmanship, and the trouble-free operation of the Facilities (or any portion of the

- Facilities) for one year after the Facilities (or such portion of the Facilities) are placed in service.
4. All Facilities constructed and installed by Developer pursuant to this Article II shall be constructed and installed without cost or expense to Utility.
 5. All plans, specifications and construction of the Facilities shall be in accordance with applicable standards, requirements, rules and regulations of all governmental bodies and regulatory agencies which may have jurisdiction thereover, and shall have received the written approval of Utility before construction is begun, which approval shall not be unreasonably withheld or delayed.
 6. Developer shall save and hold Utility harmless from and against all suits or claims that may be based upon any injury to any person or property that may occur in the course of the performance of the construction of the Facilities by Developer or by anyone acting on Developer's behalf, or under Developer's supervision and control, including but not limited to claims made by employees of Developer, and Developer shall, at its own cost and expense, pay all costs and other expenses arising therefrom, or incurred in connection therewith, including reasonable attorneys' fees.
 7. Developer shall obtain, with cooperation from Utility, all requisite permits and zoning and other approvals and all else required to construct the Facilities.
 8. All of the Facilities installed by Developer pursuant to this Agreement shall become the property of Utility as installed, with the exception of the individual service lines for which each residential unit shall retain ownership and maintenance responsibility. Developer shall execute all conveyances, licenses and other documents reasonably requested by Utility as necessary or desirable in its opinion to ensure its ownership of, ready access to, and operation and maintenance of the Facilities. Developer shall convey the Facilities to Utility free and clear of all liens, and shall furnish Utility with lien waivers in a form satisfactory to Utility's counsel from Developer and from all suppliers, subcontractors and all others who furnish labor, equipment, rentals, or who perform any services in connection with Facilities construction herein. Developer agrees to provide to Utility documentary evidence, in form satisfactory to Utility, sufficient to establish the original cost of the Facilities. Utility shall have, at all times, all right, title and interest in and to the Facilities.
 9. Developer shall not have the right to connect individual lot service connections to the Facilities until such time as the Facilities have been formally accepted by the Utility, written approvals have been received from all governmental bodies and regulatory

agencies which may have jurisdiction thereover, and all applicable connection fees have been paid.

10. All connections must be inspected by the Utility prior to backfilling and covering of any pipes. Written notice to the Utility requesting an inspection of a connection shall be made at least forty-eight (48) hours in advance of the inspection, excluding weekends and official Utility holidays.
11. Should the Developer fail to comply with the foregoing inspection provisions, Utility may refuse service to a connection until such time as the appropriate inspections have been completed.
12. Developer shall, prior to the transfer to Utility of the Facilities, grant permanent, assignable easements satisfactory to Utility, authorizing Utility to own, operate and maintain the Facilities throughout the Property and providing reasonably adequate rights of access and working space for such purposes.
13. Developer shall, upon transfer to Utility of the Facilities, provide to Utility as-built drawings (by both hard copy and electronic copy), permits, and all other information reasonably required to operate, maintain, and repair the Facilities.
14. Developer shall submit to Utility a Plan Review Fee of three hundred dollars (\$300) for each phase of the development. Developer shall, prior to the final acceptance of each development phase, or portions thereof, submit to Utility a one hundred fifty dollar (\$150) Inspection Fee. Should the Facilities require additional inspection(s) due to improper installation, defective or unapproved materials, the Developer shall pay one hundred fifty dollars (\$150) for each additional inspection required.

ARTICLE III

Representations and Warranties of Developer

1. Neither Developer nor any entity or individual affiliated with Developer has executed or will execute any agreement with any lot purchaser in the Property, or any other parties or made any representations to any such purchasers or other parties whereunder such purchaser or other parties have acquired any interest in Facilities to be installed under this Agreement.

ARTICLE IV

Utility Services, Connection Fees, Rates and Charges

1. Prior to the commencement of utility service, lot owners within the Property are responsible for the payment to Utility of sewer tap-on or connection fees at the rate as in effect from time to time prior to the provision of utility service to any lot within the Property. Such fees, usage and all other incidental rates and charges shall be rendered by Utility in accordance with Utility's rates, rules and regulations and conditions of service on file with the South Carolina Public Service Commission (the "Commission") from time to time and then in effect.
2. Upon installation and acceptance of the Facilities and payment of all applicable connection fees, Utility agrees to supply all customers within the Property with adequate and customary water and wastewater service and to operate, maintain and repair all Facilities as indicated herein, after acceptance by Utility and issuance of operational approvals by all regulatory authorities.
3. In recognition of construction of Facilities, reservation of a well site by Developer, and easement granted for interconnection of the water system with Lakewood Estates, Utility waives the connection and tap fees. A fifty dollar (\$50.00) service account setup fee will be required for each lot at the time that water service is desired by the Developer, Builder, or Home Owner.

ARTICLE V

Commission Approval

1. Within thirty (30) days following the execution of this Agreement, Utility will file a petition with the Commission requesting approval of this Agreement, if necessary. All terms and conditions contained herein are subject to Utility receiving said approvals from the Commission.

ARTICLE VI

General

1. Except as provided in this Agreement, neither party to this Agreement shall be liable to the other for failure, default or delay in performing any of its obligations hereunder, if such failure, default or delay is caused by strikes or other labor problems, by forces of nature, unavoidable accident, fire, acts of the public enemy, interference by civil authorities, acts or failure to act, decisions or orders or regulations of any governmental or military body or agency, office or commission, delays in receipt of materials, or any

other cause, whether of similar or dissimilar nature, not within the control of the party affected and which, by the exercise of due diligence, such party is unable to prevent or overcome, except as otherwise provided for herein. Should any of the foregoing events occur, the parties hereto agree to proceed with diligence to do what is reasonable and necessary so that each party may perform its obligations under this Agreement.

2. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance by either party shall not be construed as a general waiver or relinquishment on its part of any such provisions, but the same shall, nevertheless, be and remain in full force and effect.
3. The representations, warranties and agreements contained herein shall survive, and continue in effect. Utility agrees to indemnify Developer, its successors and assigns, and hold Developer harmless against any loss, damage, liability, expense or cost accruing or resulting from any misrepresentations or breach of any representation, warranty or agreement on the part of Utility under this Agreement; Developer agrees to indemnify Utility, its successors and assigns, and hold it and them harmless against any loss, damage, liability, expense or cost of Utility, accruing or resulting from any misrepresentation or breach of any representation, warranty or agreement on the part of Developer under this Agreement or from any misrepresentation in or material omission from any certificate or other document furnished or to be furnished to Utility by Developer.
4. This Agreement sets forth the complete understanding between Developer and Utility, and any amendments hereto to be effective must be made in writing.
5. Notices, correspondence and invoicing required hereunder shall be given to Developer and to Utility at the following addresses, or at any other addresses designated in writing by either party subsequent to the date hereof:

If to Utility:

Carolina Water Service, Inc.
2335 Sanders Road
Northbrook, Illinois 60062
Attn: Ms. Lisa Crossett
Chief Operating Officer

If to Developer:

Livonti Investments, LLC
1107 Boyce Street
Newberry, South Carolina 29108
Attn: Mr. Ralph Liscio

Delivery when made by registered or certified mail shall be deemed complete upon mailing. Delivery by overnight courier shall be deemed complete when delivered.

6. This Agreement may not be assigned by Developer without the written approval of Utility, which approval shall not be unreasonably withheld. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
7. This Agreement shall be governed by the laws of the State of South Carolina.
8. If this Agreement is not executed prior to **September 30, 2006**, then the terms and conditions contained herein will be waived, with no further obligations or responsibilities to either party.

IN WITNESS WHEREOF, the parties hereto have set their seals the day and year above first written.

Carolina Water Service, Inc.

By: [Signature]
Its: VICE-PRESIDENT

Attest:

Ronnie Spanis
[Signature]

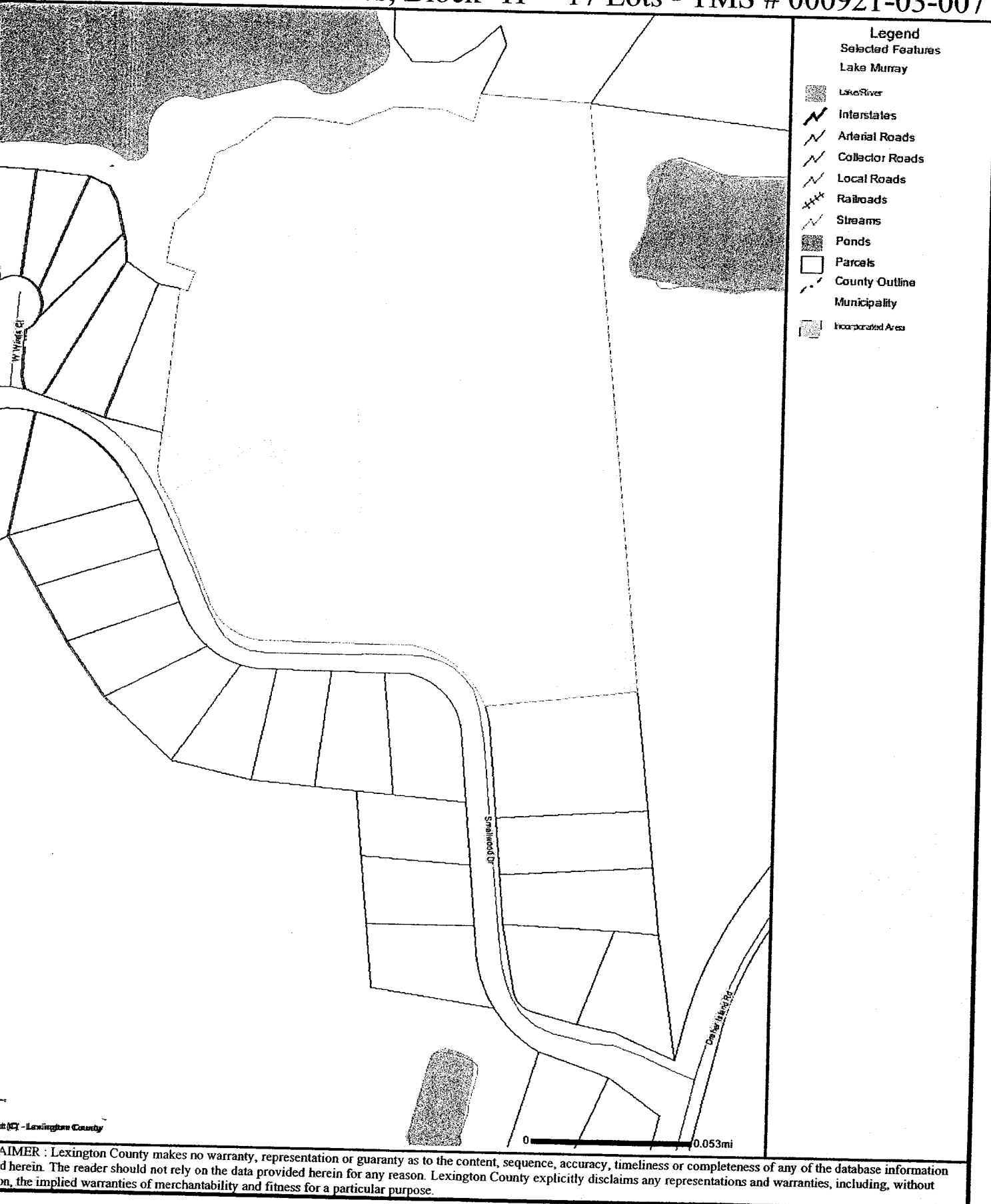
Livonti Investments, LLC

By: [Signature]
Its: [Signature]

Attest:

Jay Fochi
Jay Fochi

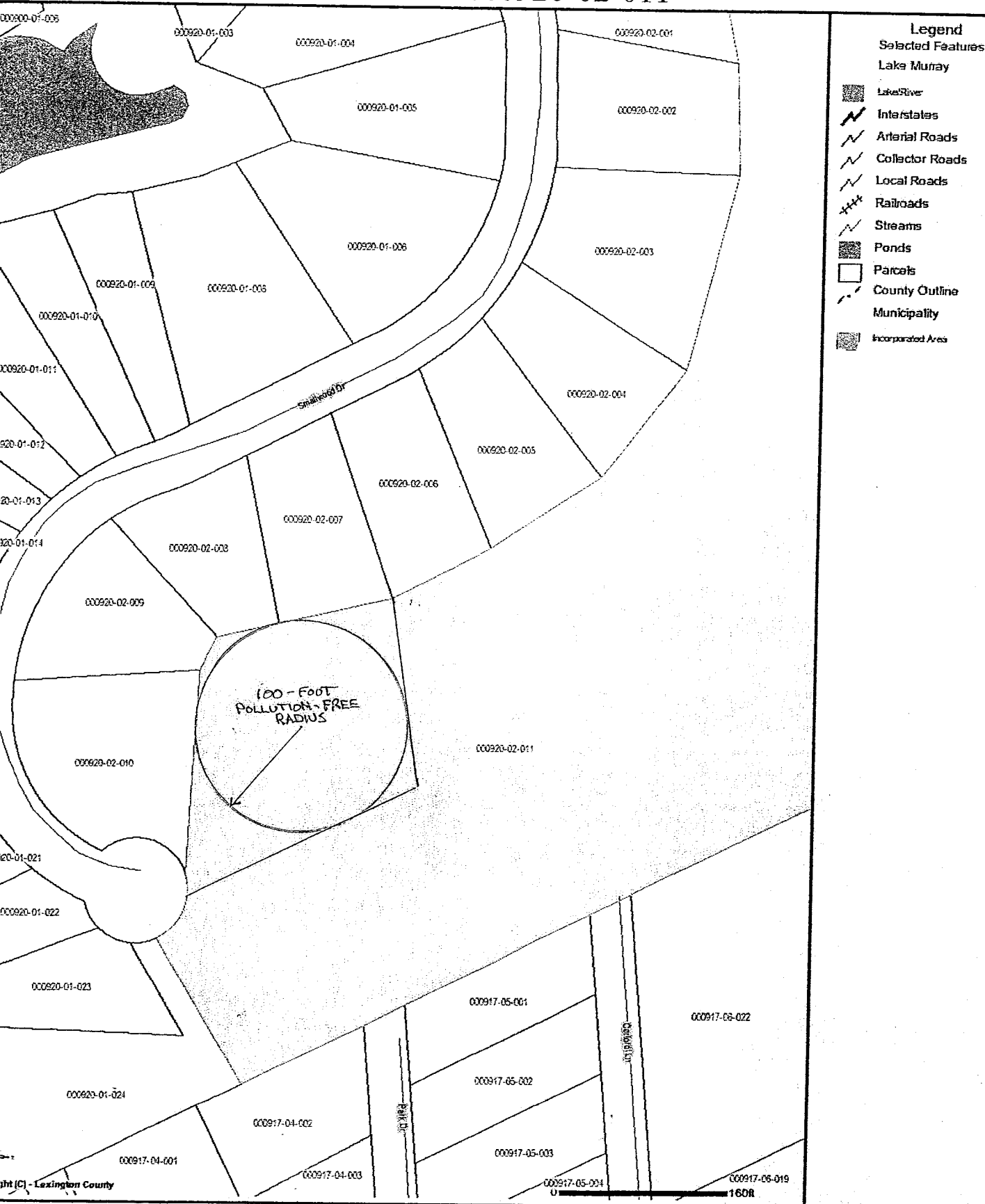
Exhibit 1 - Smallwood Estates, Block "H" - 17 Lots - TMS # 000921-03-007



Lexington County

Lexington County makes no warranty, representation or guaranty as to the content, sequence, accuracy, timeliness or completeness of any of the database information provided herein. The reader should not rely on the data provided herein for any reason. Lexington County explicitly disclaims any representations and warranties, including, without limitation, the implied warranties of merchantability and fitness for a particular purpose.

Exhibit 2 - Smallwood Estates Block H Proposed Well Lot Site - Portion of TMS # 000920-02-011



DISCLAIMER : Lexington County makes no warranty, representation or guaranty as to the content, sequence, accuracy, timeliness or completeness of any of the database information provided herein. The reader should not rely on the data provided herein for any reason. Lexington County explicitly disclaims any representations and warranties, including, without